

January 27, 2017

Gregory T Grewal
Shooting Star Ranch
P.O. Box 473
Creston, CA 93432
805-227-4095
805-674-1073

Mr. [REDACTED]

Below I have compiled a short, to-the-point outline of the water issues in San Luis Obispo county so you can hopefully understand your choices and make an informed decision as to what is best for you with regards to [REDACTED]. Should you have any questions, please do not hesitate to contact me directly or have [REDACTED] set up a time to talk, as there is a massive amount of information that I have read and hundreds of meetings I have attended over the last 2-3 years with regards to this situation.

What has happened previously in the Paso Robles Ground Water Basin (PRGWB) up to this point:

1. Early 2000's Paso Robles made an agreement with some select landowners between Paso Robles and Creston called the PRIOR agreement that stated that the basin was not in overdraft and that the city would not encroach on their water rights and the landowners would not file quiet title against the city. Also, the county was having basin volume studies done by engineering companies and water banking studies performed during this time.
2. Approximately 3 years ago, some citizen groups started stirring up issues with the county and various water committees about the drought and water use (and there by land use). Some major water banking players (S.

Resnick predominately) were found to have ties with the individuals spearheading this movement.

3. The PRAAGS group was formed and tried to force a water district to be formed for the unincorporated areas of the north county over the PRGWB based on false claims of a water shortage and overdraft of the basin. They claimed the state would come in and take over our water. The county board of supervisors was not in favor of supporting landowner's rights at that time. Against the protest of many of the citizens, they allowed the district formation to be put to a vote. The district failed miserably in the formation and funding votes (78% against) and was dead.
4. Also during this time, an urgency ordinance was put in place requiring one to one offsets (basically cap and trade) of water for new projects, except in the cities where new hotels, housing projects, etc. have continued.
5. A quiet title action lawsuit was also filed in response to the county filing the urgency ordinance and the cities trying to claim agriculture was using all the water in the basin. The cities refused to say they were not claiming prescription and so the issue went to trial. Currently, the landowners have won the first two phases/trials in the issue. There is a court date Feb 3 to set the date of the start of the third phase/trial where the cities must notify all landowners they are claiming prescription against (whether they are currently in the suit or not) and prove there is/was an overdraft of the basin (which there is no scientific evidence for.) The judge has been very "by the books" and adheres strictly to the CA constitution, which gives preference to the overlying landowners right to the water beneath their land. He generally sets the date to be within 30 days or so of the pretrial hearing, so we anticipate this matter to be resolved shortly.

What is happening now in the PRGWB:

1. The state officials were very angry over not gaining control of the PRGWB and that the landowners filed quiet title. Some of the county supervisors were met with unpleasant communications from various offices in Sacramento.

2. The state passed the SGMA. This does nothing to change state law regarding water rights. It simply says water use/reserves need to be managed and puts a timeline on water management in the state by the various government agencies (GSA's).
3. The county board of supervisors has changed and the current board favors landowner's property rights.
4. The folks who lost (PRAGGS) in the initial district attempt, have now devised the Shandon-San Juan and El Pomar- Creston water districts. They are opt-in districts. They have not been formed yet, but are currently going through the LAFCO process.

Why does this matter and how does it impact [REDACTED]

1. California water law states that the **OVERLYING LANDOWNER HAS THE PRIORITY (FIRST) RIGHT** to the beneficial use of the water below their property. Water districts and cities are considered purveyors because they sell water to others for use. **IF YOU JOIN A DISTRICT, YOU GIVE UP YOUR OVERLIER RIGHTS TO THE WATER BELOW YOUR LAND.** This lowers your priority level for use of the water in the basin.
2. **The purveyors (cities and water districts) have use of excess water in the basin based on priority level established from first use and amount used.** So, the older cities that are older districts and have been providing water for longer are further up the ladder than newly formed districts that do not have historical claims. The new water districts are at the bottom of the list. **IF YOU JOIN THE DISTRICT, YOU WOULD PURPOSELY BE TAKING YOURSELF FROM THE NUMBER ONE POSITION ON THE LIST TO THE LAST POSITION ON THE LIST FOR WATER USAGE.**
3. Once the quiet title lawsuit is finished, the court will appoint a water master to monitor the basin. **If the basin falls into overdraft, then the purveyors will be the first to have to cut back their use and/or be cut off completely.** Once all purveyor use has stopped, then all overlying landowners must cut back collectively (if needed) to protect and manage the available water.

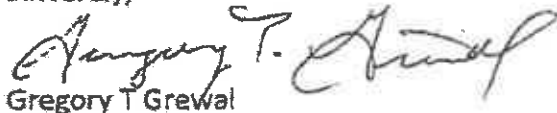
4. **After various conversations with the current BOS supervisors (confidentially) they are going to declare the county the GSA (with regards to SGMA.) This action is to happen in the immediate future. They have no intentions of charging extra fees, as the county flood control board already performs all the actions required of the GSA, is already doing all the studies, etc. mandated by the state and will continue to do so. They already collect county taxes for this purpose and so have no need to raise fees or charge a new tax.**
5. **The county board of supervisors is the only entity that can determine land use. The water district can only tax your water use and impose fines or fees for said use.**
6. **If you choose to be in the water district, you are giving up your water rights and allowing the water district to decide what you can and cannot do with your water. The water district is not providing any water to you. They intend on putting meters on the wells. They are going to charge you for the meters. They are not fixing or maintaining the wells in the district. That is the responsibility of the individual landowners. The landowners are also responsible for maintenance of their water infrastructure. You will be billed for your water use and to be a part of the water district. The initial fees are \$35/ac/yr. for irrigated or developed land, \$60/yr. for each residence and \$0.59/ac/yr. of non-irrigated land. The board can vote to raise these fees if costs rise or they become involved in litigation, etc. The district is not providing any published plans to LAFCO for future infrastructure they intend to initiate, nor an estimate of associated costs. While the formation and funding votes are 1 vote per ac., after the district is formed, the weight of the voting shifts to value of the property, so irrigated lands carry more sway. Thus, the water district is essentially providing zero service or water to you, but charging you to use your own water (which is currently free to you) and charging you for the pleasure of being a member of their district. Furthermore, they have legal access to your land for any infrastructure project they deem necessary; should they decide to put in a water line or something, they may cross your property where ever and they will charge you a portion of the costs of the project.**

The formation vote has not taken place yet, but it will very shortly. It should be at the same time as the funding vote, but they got the LAFCO board to change the rules for them. Two positions on the LAFCO board have changed and those individuals are for landowner's rights. Should you want to pull out of the district you need to write a letter to the LAFCO board ASAP stating such and have contacted them before their February meeting and before the formation vote can take place. After that, your only hope is that the district does not get the funding votes or that the county does not let them become a GSA. Once they find out you do not wish to continue to be in the district, plan on being harangued by the Clarks and Steve Sinton (or others), as they are some of the individuals spearheading this project. I can give you more specifics on this should you choose to pull out.

The contact for the LAFCO board is below. Should you require or desire assistance with how to formulate your letter with the key points to emphasize to make the best argument for you being allowed to remove [REDACTED] from the proposed district, please feel free to contact me.

Local Agency Formation Commission
David Church, Executive Office
(805)781-5795 ph.
(805)788-2072 fax

Sincerely,


Gregory T Grewal